



REPORT TO THE LEGISLATURE

April 2026

Annual State Forest Nursery Report: Fiscal Year 2025

Legislative charge

Minnesota Statutes, § 89.36, subd. 4.

PRODUCING AND PROCURING PLANTING STOCK

The commissioner of natural resources shall submit an annual report to the legislature relating to the production of planting stock at state nurseries. The report must include the following: sales figures, income figures, and expenses for operations and administration. Copies of the report must be filed with the Legislative Reference Library and made available to the public. The commissioner shall also provide any additional information requested by the legislature relating to the production of planting stock at state nurseries.

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Estimated cost of preparing this report *(as required by Minnesota Statute § 3.197)*.

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Executive Summary

The Minnesota State Forest Nursery, headquartered 10 miles south of Akeley in the Badoura State Forest, grows conifer and hardwood seedlings for reforestation on public and private lands. It is currently the only large-scale Minnesota nursery for native, conservation-grade bareroot seedlings available to the public. Primarily supported by seedling sales, the nursery is known for seed sourcing controls, seed extraction and cleaning, and tree cultivation that creates high-quality seeds and seedlings to reforest public and private lands.

The nursery sold 3.6 million conifers, hardwood, and hardwood shrub seedlings during Fiscal Year 2025 (FY25). Of that total, 47% went to reforest public land and 53% went to reforest private land. Sales volume increased by 6.6% from FY2024. FY2025 receipts for seedling sales were \$1,830,230, direct seed sales for aerial seeding totaled \$92,098, and interest income on the State Forest Nursery Account fund balance equaled \$55,394. Total nursery receipts were \$1,977,722. Total expenses for the State Forest Nursery Account were \$535,498. More information about overall FY2025 State Forest Nursery Account revenues and expenses can be found in Appendix A.

The FY2025 year-end fund balance in the State Forest Nursery Account was \$2,289,362. A balance of over \$2.2 million is needed to cover annual operating costs in the event of financial risk due to storms, disease, and other factors associated with agricultural production.

FY2025 seedling revenue increased by \$323,551 over FY2024, while the number of seedlings sold grew by about 221,000. Increased revenue was due in part to seedling price changes implemented in FY2025 for some species and public interest in buying the smaller minimum lot sizes (300 seedlings) made available for the first time, which increased overall sales.

To address safety and modernization needs, and in anticipation of increased seedling demand for tree planting to mitigate and adapt to climate change, several improvements are in progress at the nursery. An online seedling ordering and purchasing system has been implemented for seedling sales in FY2026, a new refrigerated storage building has been completed, and designs for building renovations funded by the 2023 Minnesota Legislature have begun with construction of a new seed extractory, packing shed, and internal cold storage. A new shipping area will begin construction in 2026. The Minnesota Department of Natural Resources (DNR) is also working to collect more seed for nursery operations, which is a critical need to rebuild very low supplies at the nursery. Additional information about specific challenges, opportunities, and modernization of the State Forest Nursery is discussed in this report. DNR also completed a [legislative report](#) to assess the possibility of producing plug seedlings at the former General C.C. Andrews nursery site to continue to meet the need of state reforestation efforts.

Background

The Minnesota State Forest Nursery began producing conservation-grade seedlings for reforestation in the early 1930s and once included three facilities across the state. Today, the facility at Badoura near Akeley, Minnesota remains active as a tree seedling nursery, and the General C.C. Andrews facility near Willow River, Minnesota is in limited use as a tree seed orchard. To date, more than one billion State Forest Nursery-grown seedlings have been planted on public and private lands in Minnesota.

Minnesota Statutes, Section [89.36](#), authorizes the nursery to produce, exchange, or purchase seedlings each year for conservation tree planting. Cones and seed, purchased from private pickers, are prepped and cleaned for aerial seeding or planting. After two or three years of growing, bareroot seedlings are lifted from the field and shipped to final planting sites across Minnesota. To supplement nursery operations, each year 100,000 to 1 million seedlings are purchased from private producers for resale.

Seedlings purchased from the nursery must be used to establish or reforest harvested lands, wood lots, windbreaks, and shelterbelts or for erosion control, soil and water conservation, environmental education, or permanent food and cover for wildlife. Conservation-grade seedlings grown at the State Forest Nursery differ from landscape-grade seedlings produced in many private nurseries. Most notably, landscape-grade seedlings are typically larger and sold in much smaller quantities. Conservation-grade seedlings are smaller (5-12 inches tall), which makes them easier to plant in large quantities. They are also produced from seed collected in Minnesota, thereby helping to preserve and promote local genetic diversity and ensure the trees will grow where they are planted. The nursery grows conifer and hardwood tree species, as well as some shrubs, for these purposes.



Red pine seedlings are grown to reforest state and private lands.



Black spruce seedlings are needed to reforest state and private lands.



Rows of oak seedlings are irrigated.

Fiscal Year 2025 Sales and Production Summary

In FY2025, the State Forest Nursery sold 3,561,675 tree and shrub seedlings. Of these, the nursery produced 3,084,675 seedlings (87%) and purchased 477,000 seedlings (13%) from licensed private producers or through trades with other state or federal government nurseries (Figure 1). Seedlings were distributed to public land management agencies (47%), and private landowners (53%) (Figure 2).

Figure 1: FY2025 Seedling Sources

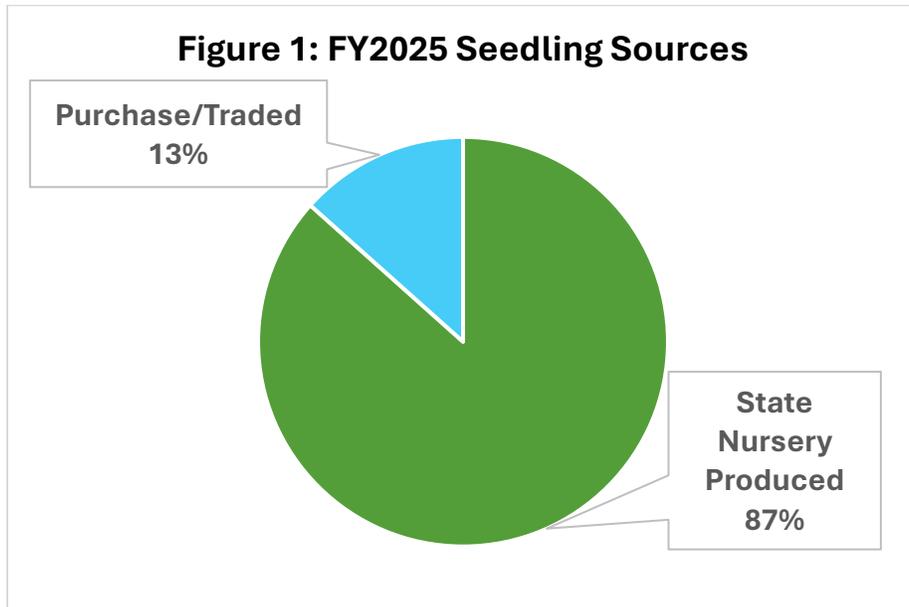
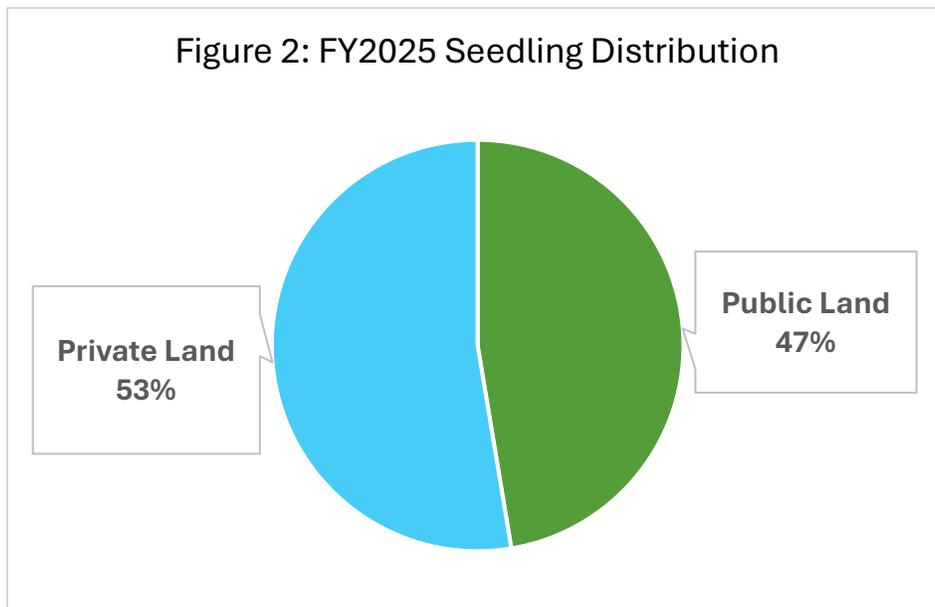


Figure 2: FY2025 Seedling Distribution



The nursery grows and sells three types of seedlings: conifer, hardwood, and shrub species. Most trees grown and sold are conifers (Figure 3). Significantly fewer shrubs are sold than trees, primarily to private landowners. Shrubs include dogwood, wild plum, chokecherry, and other small woody plants, and are often sold in mixed packets to landowners for wildlife habitat. Table 1 lists seedlings sold in FY2025. The revenue generated by seedling sales at the nursery was \$1,830,230. Total revenue at the nursery, including seed sales was \$1,977,722 a 19.6% increase over FY2024. [Appendix A](#) lists all revenue sources. Appendix B describes accounts receivable.

Figure 3: FY2025 Seedling Sales by Types

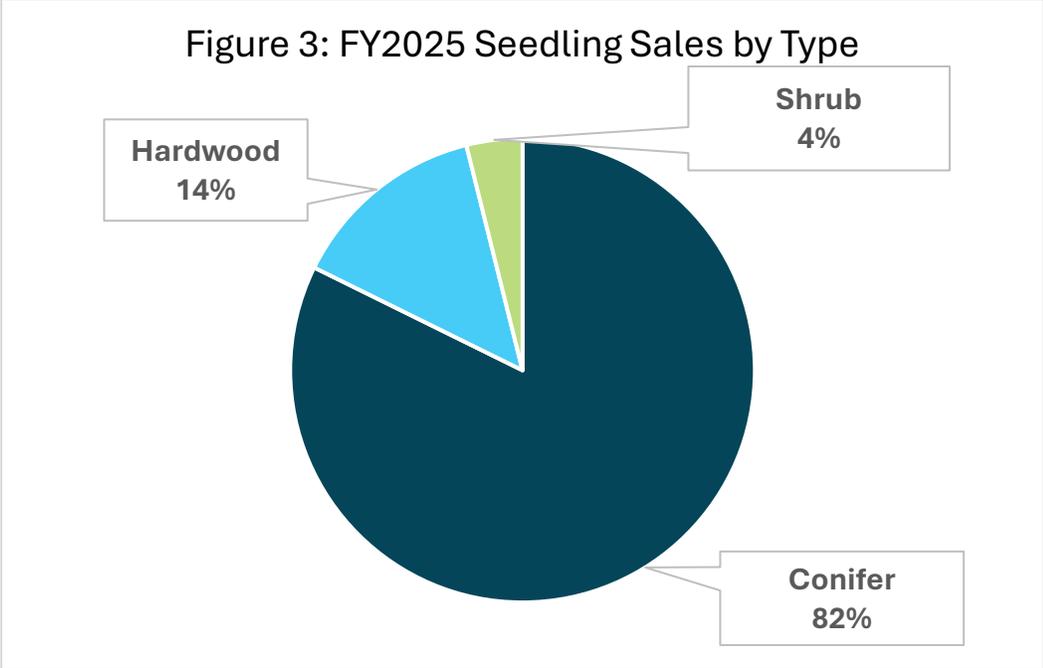


Table 1: FY2025 Seedling Sales by Species and Producer

Product	State-Produced Seedlings	Purchased or Traded Seedlings	Total Seedlings Shipped
WHITE SPRUCE	591,600		591,600
BLACK SPRUCE	3,650	33,000	36,650
JACK PINE	312,650	150,000	462,650
NORWAY PINE	1,196,900	100,000	1,296,900
RED CEDAR	13,500		13,500
WHITE CEDAR	71,775		71,775
WHITE PINE	458,020		458,020
BITTERNUT HICKORY	12,000		12,000
BLACK WALNUT		65,000	65,000

Product	State-Produced Seedlings	Purchased or Traded Seedlings	Total Seedlings Shipped
BUR OAK	68,800		68,800
HACKBERRY	22,000		22,000
RED MAPLE	1,600		1,600
RED OAK	178,655		178,655
SILVER MAPLE	51,875		51,875
SUGAR MAPLE		19,000	19,000
SWAMP WHITE OAK	36,475		36,475
WHITE OAK	36,500		36,500
CHOKE CHERRY		20,000	20,000
ELDERBERRY		5,000	5,000
NANNYBERRY		5,000	5,000
PIN CHERRY		10,000	10,000
RED OSIER DOGWOOD		20,000	20,000
SAND CHERRY		10,000	10,000
SILKY DOGWOOD		5,000	5,000
WILD PLUM	28,675	35,000	63,675
TOTAL	3,084,675	477,000	3,561,675

Total State Forest Nursery Account expenses in FY2025 were \$535,498. Of this, \$181,237 were payroll expenses and \$354,261 were nonpayroll expenses (Table 2). There were no remaining encumbrances. General fund dollars expended on nursery activities totaled \$1,994,939 and no federal grant funds or capital infrastructure (bonding) funds were expended. The new nursery facility upgrade design and construction will begin in FY2026 and will utilize \$10 million from state bonding and a \$500,000 federal grant awarded for the project. Table 3 outlines payroll expenses and Table 4 outlines non-payroll expenses. Appendix C provides a history of nursery dedicated revenues, expenditures, and fund balances.

Table 2: Nursery Expenses – Payroll and Non-Payroll

Type	Nursery Account	General Fund	Total Expenditures	Percent
Payroll expenses	\$181,237	\$1,024,829	\$1,206,066	48%
Non-payroll expenses	\$354,261	\$970,110	\$1,324,371	52%
TOTAL	\$535,498	\$1,994,939	\$2,530,437	100%

Table 3: Payroll Expenses

Type	Nursery Account	General Fund	Total Expenditures	Percent
Full-time salary	\$113,899	\$765,838	\$879,737	73%
Part-time and seasonal salary	\$62,651	\$226,499	\$289,150	24%
Other employee costs (includes unemployment and worker's compensation)	\$4,687	\$32,492	\$37,179	3%
TOTAL	\$181,237	\$1,024,829	\$1,206,066	100%

Table 4: Non-Payroll Expenses

Type	Nursery Account	General Fund	Total Expenditures	Percentage
Supplies, printing, and advertising	\$30,289	\$445,499	\$475,788	36%
Fleet and travel	\$69,918	\$6,600	\$76,518	6%
Computer systems and communication	\$41,688	\$49,313	\$91,001	6%
Rent and utilities	0	\$29,459	\$29,459	2%
Professional/technical services	\$35,540	\$187,751	\$223,291	17%
Other operating costs	\$176,826	\$110,804	\$287,630	22%
Equipment and repairs	\$0	\$24,693	\$24,693	2%
Building capital	\$0	\$115,992	\$115,992	9%
TOTAL	\$354,261	\$970,111	\$1,324,372	100%

Improvements and Challenges

Nursery Modernization

In 2022, the DNR analyzed the State Forest Nursery to determine modernizations needed to produce more seedlings. This resulted in a feasibility study that identified a three-phase effort that will aid the State Forest Nursery to meet Minnesota's current and future reforestation needs: 1) add a cooler building to address cold storage needs, 2) modernize the existing seed extractory building, office, sorting/grading/packing sheds and

cone storage areas, and 3) construct a greenhouse and associated facilities needed to produce plug seedlings (roots are encased in soil) in addition to bareroot seedlings at the nursery.

Two of these three modernization projects are currently underway. Construction of a large, cold storage building was completed in spring 2025 and was put into production. This project was funded by a mix of General Fund and federal grant dollars. Efforts are also underway to complete the detailed design and construction bid package for modernizing the seedling sorting and packing building, the seed extractory, and the nursery office. This project is funded through state bonding dollars.

The third phase, which involves the construction of a plug seedling facility within the State Forest Nursery system, is in the initial planning stages and has not yet been funded. The need for a plug seedling facility is addressed later in this section.

In addition to modernizing the nursery facilities, the DNR has transformed the seedling ordering system from a manual process to a web-based system that allows for real-time updates of seedling availability and on-line payment from customers. The new system went live in October 2025 and has significantly improved the ordering experience while reducing processing time for staff and the potential for errors. Funding for this project came from Minnesota's Technology Modernization Fund and Forest Management General Funds.

Bareroot Seedling Production and Labor

Past versions of this report have highlighted the need to produce more bareroot seedlings to meet current and future demand, and the need for additional seasonal staff. Recent field improvements and equipment upgrades have increased seedling growing capacity and efficiency. This is beginning to translate to higher annual seedling availability, a trend that is expected to continue. The DNR's recent efforts to contract with work crews at key times of the seedling production cycle are also showing positive results. The DNR will continue to keep a close eye on workforce availability and patterns to help ensure adequate staffing of nursery operations through a mix of seasonal hires and contracted services.

Seed and Cone Collection

Procuring seed is currently the nursery's greatest challenge. Ideally, the DNR would have a three- to five-year supply of conifer seed on hand to grow seedlings and to supply county and state aerial seeding operations. As of spring 2026, the DNR does not have enough seed to fulfill current annual needs for all species. Species with significant shortages include black spruce, white spruce, white pine, and red pine. Further, demand from private landowners for hardwoods like maple and oak is increasing, which may result in seed shortages for these species, as well.

The main source of seed for the State Forest Nursery is cones and seeds gathered from Minnesota forests. Forests produce abundant seed crops approximately every three to four years, with significantly reduced yields in the intervening periods. It is important to prioritize seed and cone collection during the high-yield years to ensure seed availability. This does not align well with the past practice of relying on "self-selected" seed and cone collectors.

To address the statewide seed shortage, the DNR Forestry Division hired a seed procurement consultant in FY2025. The duties of this position include developing contracts for seed and cone collection, maintaining and expanding the DNR’s seed orchards, and working with external partners to increase public interest in seed and cone collection.

Plug Seedling Production

Increasingly, internal customers are demanding more conservation-grade plug seedlings, which are seedlings sold with a soil plug attached that have a higher survival rate in certain planting areas. Current nursery operations lack the resources needed to produce seedlings in plugs. Plug seedlings are grown indoors in an environmentally controlled greenhouse where fertilizer, temperature, lighting, and water are all automated. After one year, plug seedlings can be removed from the greenhouse and packaged for shipping. This contrasts with bareroot seedlings, which are grown outdoors for two to three years, harvested (or “lifted”) when dormant, and transported without the soil (i.e., with bare roots) to the planting site. The State Forest Nursery system currently only produces bareroot seedlings.

Both types of seedlings are needed to meet Minnesota’s reforestation needs. Bareroot production provides a cost-efficient, lower-investment option to supply many millions of seedlings annually. Plug seedlings are more easily stored, which helps extend the planting season and allows land managers to avoid planting in conditions that reduce survival rates. To ensure forests in our future, Minnesota needs the versatility of both bareroot and plug seedlings.

Currently the DNR, along with counties and nonprofits in Minnesota, purchases plug seedlings to supplement tree planting efforts. Over the past decade Minnesota’s private nurseries have moved away from production of conservation-grade plug seedlings. Today, most plug seedlings used in Minnesota are purchased from one Canadian company with a nursery in Michigan. Relying on one out-of-state source for plug seedlings increases the risk of price increases and supply limitations, especially in years when natural disasters affect existing bareroot stock. Adding plug seedlings to the State Forest Nursery program, in the right location, would alleviate some of this risk.

The DNR recently completed a [legislative report](#) assessing the feasibility of reopening the State Forest Nursery in the General C.C. Andrews State Forest for plug seedling production. The report explores the need for both bareroot and plug seedling production to meet Minnesota’s reforestation needs and describes the many considerations for siting a plug seedling facility.

Summary

The State Forest Nursery continues to play a vital role as the only large-scale Minnesota supplier of conservation-grade, bareroot seedlings for reforestation efforts on state, county, tribal, and private lands. In FY2025, the nursery supplied 3.6 million seedlings for reforestation, a 6.6% increase over FY2024. This number is expected to increase over the next several years to meet anticipated demand for tree planting to help meet climate change mitigation goals. Recent field improvements, equipment purchases, a new refrigerated storage building, and a new online ordering system are leading to higher efficiency, healthier seedlings, and improved customer experience.

Seed procurement and access to plug seedlings remain challenges to seedling production and reforestation in Minnesota. The DNR is employing multiple strategies, including modernization efforts at the Badoura facility and hiring a seed procurement consultant to address seed availability and ensure the sustainability of bareroot seedling production into the future. In the right location, the addition of a modern plug seedling facility to the State Forest Nursery system would further help ensure the future of Minnesota's forests by providing high-quality, Minnesota-grown plug seedlings for the state's reforestation and conservation needs. With that said, no one facility is expected to fully meet the demand for plug seedlings in Minnesota. Additional plug seedling production also is needed at tribal and private nursery facilities.

Appendices

Appendix A.1: FY2025 Statement of Revenues and Expenses, State Forest Nursery Account

Description	Amount
Balance beginning FY2025	\$847,138
Revenues	
Nursery Seedlings	\$1,830,230
Nursery Seed*	\$92,098
Investment/Other Income	\$55,394
Total Revenues	\$1,977,722
Expenses	
Salary and Other Compensation	\$181,237
Supplies and Expenses (incl. Seed*)	\$354,261
Equipment and Capital Improvements	\$0
Remaining Encumbrances	\$0
Total Expenses	\$535,498
FY2025 Revenues Minus Expenses	\$1,442,224
Ending Balance Roll Forward to FY2026	\$2,289,362

*Seed is purchased to planted at the nursery and sold to reforest state-administered lands through direct seeding or to contract seedling growers to be delivered back to the Division of Forestry for planting on state lands.

Appendix A.2: FY2025 Statement of Expenses, Funds Expended from General Fund on State Forest Nursery Activities

Expenses	Amount
Salary and Other Compensation	\$1,024,829
Supplies and Expenses (including Seed)	\$854,118
Equipment and Capital Improvements	\$115,992
Total	\$1,994,939

Appendix B: FY2025 Accounts Receivable and Cash Sales

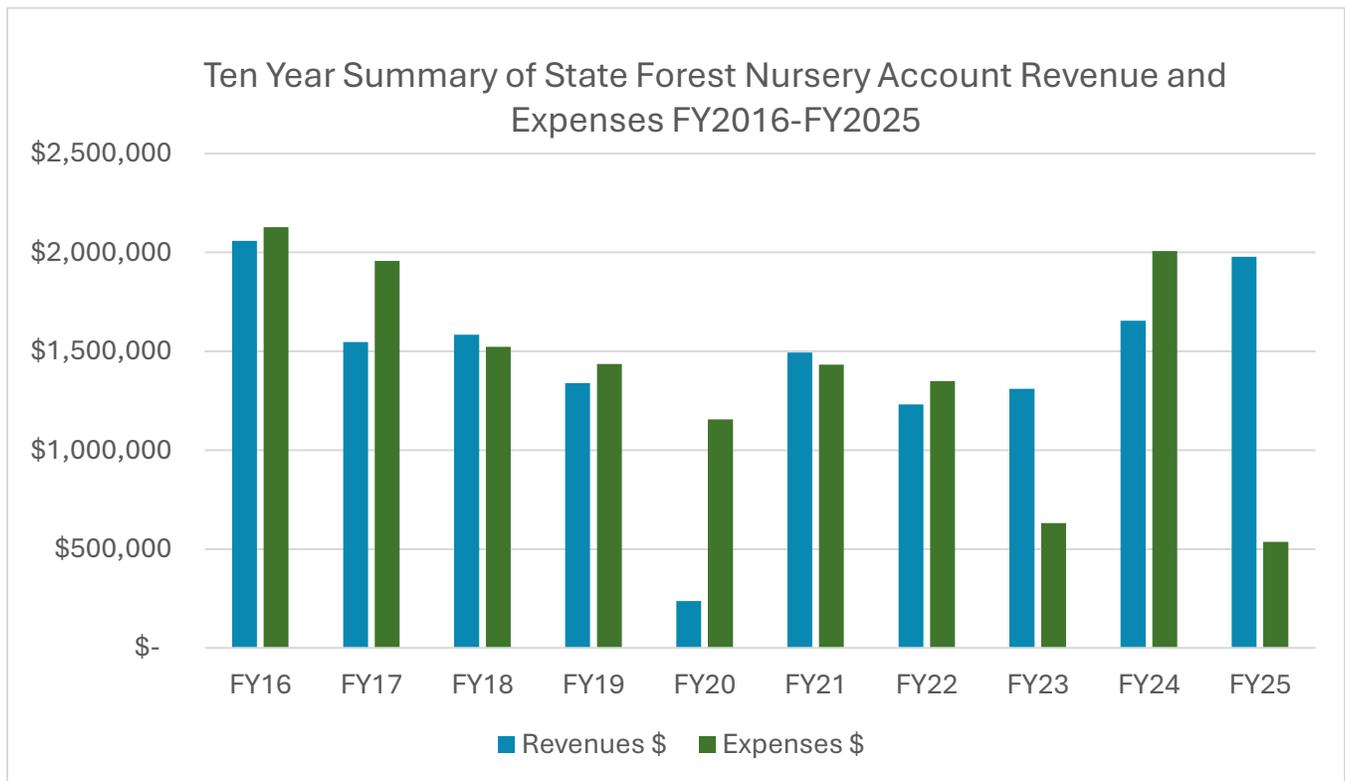
Description	Amount
Receivables remaining from prior fiscal years	\$71,540
Accounts Receivable	\$1,922,329
Write Offs and Adjustments & Credit Memos*	(\$2,492)
Total Receivables	\$1,991,377
Outstanding Receivables in FY25	\$913,082
Collected on Outstanding Receivables in FY25	\$908,445
Remaining Receivables to be collected	\$4,637
Collected Cash Sales	\$1,087,511
Collected on Receivables	\$908,445
Refunds	(\$18,234)
Total Collected Revenue FY25	\$1,977,722

*Adjustments are used to cancel and/or correct invoice amounts and write-offs (e.g., people canceling or changing their seedling order amounts)

**WIRES reports were used for the amounts billed, collected, and adjusted. WIRES is the DNR's revenue/receivable system and stands for Web Integrated Revenue/Receivable System.

Appendix C: Ten-Year Summary Analysis of Dedicated Revenue and Expenses FY2016-2025

Year	Beginning Balance \$	Revenues \$	Expenses \$	Ending Balance \$
FY 2016	1,987,431	2,058,630	2,127,752	1,918,310
FY 2017	1,918,310	1,546,417	1,956,735	1,507,991
FY 2018	1,507,991	1,583,790	1,522,104	1,569,678
FY 2019	1,569,678	1,339,985	1,436,427	1,473,236
FY 2020	1,473,236	237,235	1,155,975	554,497
FY 2021	554,497	1,493,505	1,433,306	614,696
FY 2022	614,696	1,231,006	1,348,695	497,007
FY 2023	497,007	1,310,177	631,034	1,176,150
FY 2024	1,176,150	1,654,171	2,007,300	847,138
FY 2025	847,138	1,977,722	535,498	2,289,362
3-Year Average	848,137	1,647,357	1,057,944	1,437,550
5-Year Average	742,721	1,533,316	1,191,167	1,084,871
7-Year Average	965,217	1,320,543	1,221,176	1,064,584
10-Year Average	1,217,025	1,443,264	1,415,483	1,244,806



Note: When completing the 10-year table we adjust the previous fiscal year to actuals. Due to the timing of the report, encumbrances are either actually incurred or cancelled. An adjustment is made to the previous fiscal year carryforward.